

ASX Announcement

23 July 2018

June 2018 Quarterly Activities Report

Strong progress on construction at Montepuez

HIGHLIGHTS

Montepuez Graphite Project

- **Primary crusher commissioned**
- **Construction of tailings storage facility dam underway**
- **Camp installation 70% complete**
- **Process Plant Earthworks 90% complete**
- **Milestone payments made on all process plant long lead items**
- **Grade control drilling programme complete with 14% increase in Mineral Resource on Elephant deposit**
- **Three community water bores installed**

Balama Central Graphite Project

- **Feasibility Study set for completion in next quarter**
- **Resource doubled following receipt of assays in late March 2018**

Corporate

- **\$20M fund raising successfully completed**
- **Cash on hand at \$19M at July 20, 2018**

Battery Minerals Limited (ASX: BAT) is pleased to report on what has been a highly successful June 2018 Quarter at its Montepuez Graphite Project in Mozambique.

As previously advised, Battery Minerals secured a Mining Licence for Montepuez in late March 2018. This paved the way for construction activity to ramp up in the June 2018 Quarter.

As part of this ramp up, the Company made strong progress on the site earthworks and camp construction. It also entered into various contracts for long lead-time plant and equipment and developed a number of site roads. Subsequent payments and plant delivery to site will be subject to funding.

This progress means Battery Minerals is on track to export its first shipment of graphite concentrate within 12–15 months of project finance being finalized.

The project development timetable will ensure Battery Minerals is ideally positioned to capitalise on the strong demand which is forecast to flow from the surge in lithium battery production.

During the June 2018 Quarter, Battery Minerals also progressed its Balama Central Graphite Project (Balama Central), where it completed a Scoping Study in March 2018. As previously

advised, the Company is now proceeding with a Feasibility Study (FS) on Balama, which is due to be finalised in the December 2018 Quarter.

As at end of the June 2018 Quarter, the Company had cash and liquid assets of \$20.5M.

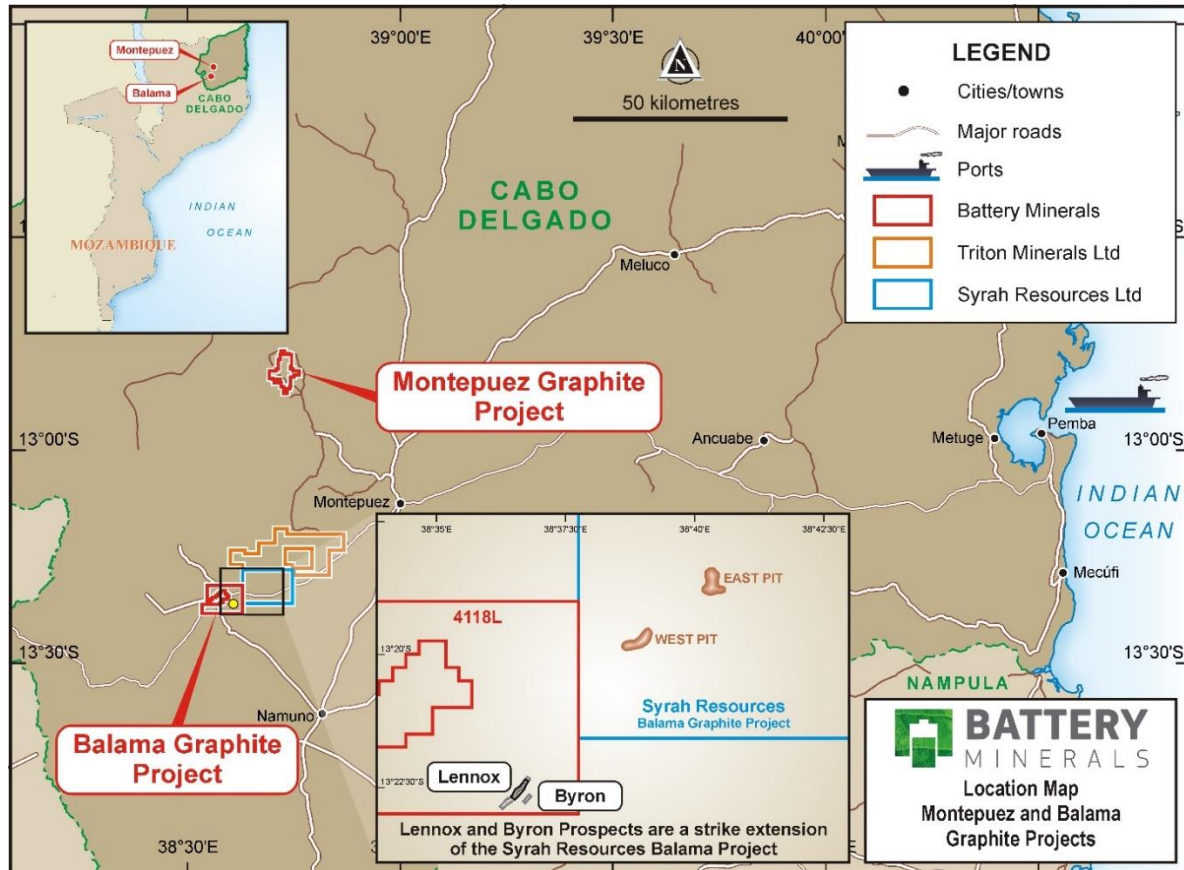


Figure 1. Location map of Battery Minerals graphite projects in the Cabo Delgado Province of Mozambique. The Montepuez Graphite Project is located 60km northwest of Montepuez township and the Balama Graphite Project located southeast of Balama township adjacent to Syrah Resources Balama Graphite Project.

Montepuez Graphite Project Development

Following the mobilisation of the earthworks and civils mining contractor in the March 2018 Quarter, all camp earthworks, a number of site roads and 90% of the process plant earthworks have been completed. Construction work on the tails storage facility wall has also started and due for completion in October 2018.

The crushing circuit and product stockpiling stacker has been successfully commissioned and is producing aggregate for concrete and civils works.

A 100-bed temporary camp has been fully installed on site. This camp is currently accommodating the civils and the construction team. Approximately 70% of the permanent camp has been erected. The permanent camp is due for completion in early August 2018.



Figure 2. Montepuez Graphite Project installed accommodation on site



Figure 3. Montepuez Graphite Project Tails storage facility under construction, due for completion in October.

Montepuez Graphite Project drilling results

On 16 July 2018 Battery Minerals reported that the Mineral Resource estimate at the Elephant deposit within the Montepuez project had increased by 14% to 76.9mt at 7.3% Total Graphitic Carbon (TGC).

In addition to growing the existing Resource base, the Company has identified resource growth opportunities including the Warthog Prospect identified 1.5km south of Elephant. The discovery hole intersected 12 metres at 14.27% TGC from 1 metre. Follow up drilling of 16 holes has confirmed prospective geology over a strike length of 500 metres and results are pending.

During the June 2018 Quarter, the Buffalo Deposit infill drilling was completed. Logged geology and analytical results received confirm the near-surface strike extension of

mineralisation. The Company will complete a mineral resource update in the September 2018 Quarter. Intercepts received to date include:

- BF125A 19 metres at 15.39% TGC from 3 metres
- BF116A 23 metres at 13.84% TGC from 12 metres
- BF041A 18 metres at 12.37% TGC from 12 metres

See 16 July 2018 ASX announcement for full details, JORC Code information and Competent Person statement.

Montepuez Project Development Progress and Schedule

There are now approximately 130 people working on site who having gone through the onboarding and induction process, 50 of these people have been directly employed from local villages. To date there has been zero lost time injuries.

During the June 2018 Quarter, the Company placed deposits to lock in orders for selected long lead items to ensure we have the option for timely site installation on site on completing project finance. These items included:

Process Plant Equipment

- Primary Ball Mill
- Flotation Cells and Regrind Mills
- Thickener
- Product Filtration Unit and Product Dryer

During the June 2018 Quarter the Company took delivery of the current items:

- Crushing, Screening and Stacking facilities
- Permanent Camp infrastructure

Importantly, the crushing and screening infrastructure is being utilised in producing aggregate as part of road construction and sub base formation ahead of concrete works for the process plant.

During the June 2018 Quarter site works comprised:

- Road upgrade between Montepuez and site (60km)
- Development of site roads
- Clearing and civils works for the construction of the permanent 100-man accommodation camp
- 70% completion of the Main Accommodation Camp
- 90% of process plant earthworks
- Tailings Dam Wall construction
- Upgrading the temporary camp to accommodate 100 people.

The Company is selectively completing installation of project items that provide cost-effective advancement of the project.

On receiving notice from the Government of Mozambique of grant of the Montepuez Mining Licence on 26th March 2018, the Company has resolved the last key development hurdle for the Montepuez graphite project.

With the Mining Licence in hand, Battery Minerals has started the process for formal government engagement in relation to the Mining Agreement. The Mining Agreement is not

condition precedent to production, exports and cashflows. Rather it is a right enshrined in the mining law that enables investing companies to obtain absolute clarity around the application of the legal framework to each particular project. The Company does not expect a material adverse variation in project economics in the Mining Agreement

Scoping Study - Balama Central Graphite Project

On 1 March 2018 Battery Minerals was pleased to announce that a Scoping Study had highlighted the exceptional potential of its Balama Central Graphite Project in Mozambique (Balama). Balama is Battery Minerals' second graphite project in Mozambique. (see 1 March 2018 ASX announcement for full details and cautionary statements)

The highlights of the Balama Central Scoping Study are set out below:

- Potential to generate significant financial returns from Balama Central
- Key findings of the study include:
 - Capex* US\$50m
 - Opex* US\$372/t (includes blasting costs)
 - Payback less than 1.5 years (see Appendix 3 for sensitivity analysis)
 - Average Ore Grade – 10.6% total graphitic carbon (TGC)
 - Initial production rate 53,000 – 55,000tpa of graphite concentrate
 - Mine life of greater than 10 years based on Indicated Resources only
 - Concentrate grade 97% TGC
 - Concentrate recoveries of 93%

* - See Appendix 2 of 1 March 2018 ASX announcement for ranges used.

** - Based on January 2018 Benchmark Mineral Intelligence product sales data

The scoping study on Battery Minerals' Balama Central Graphite Project in Mozambique was an interim step towards completing a feasibility study, which Battery Minerals expects to finish in the December 2018 Quarter. The scoping study targeted product specifications, operations costs, capital costs and a development strategy that would ideally complement the Company's other graphite development project, Montepuez. On completing this scoping study, the Company now has sufficient tonnes in the indicated resource category to support a commercial second mining operation at Balama Central.

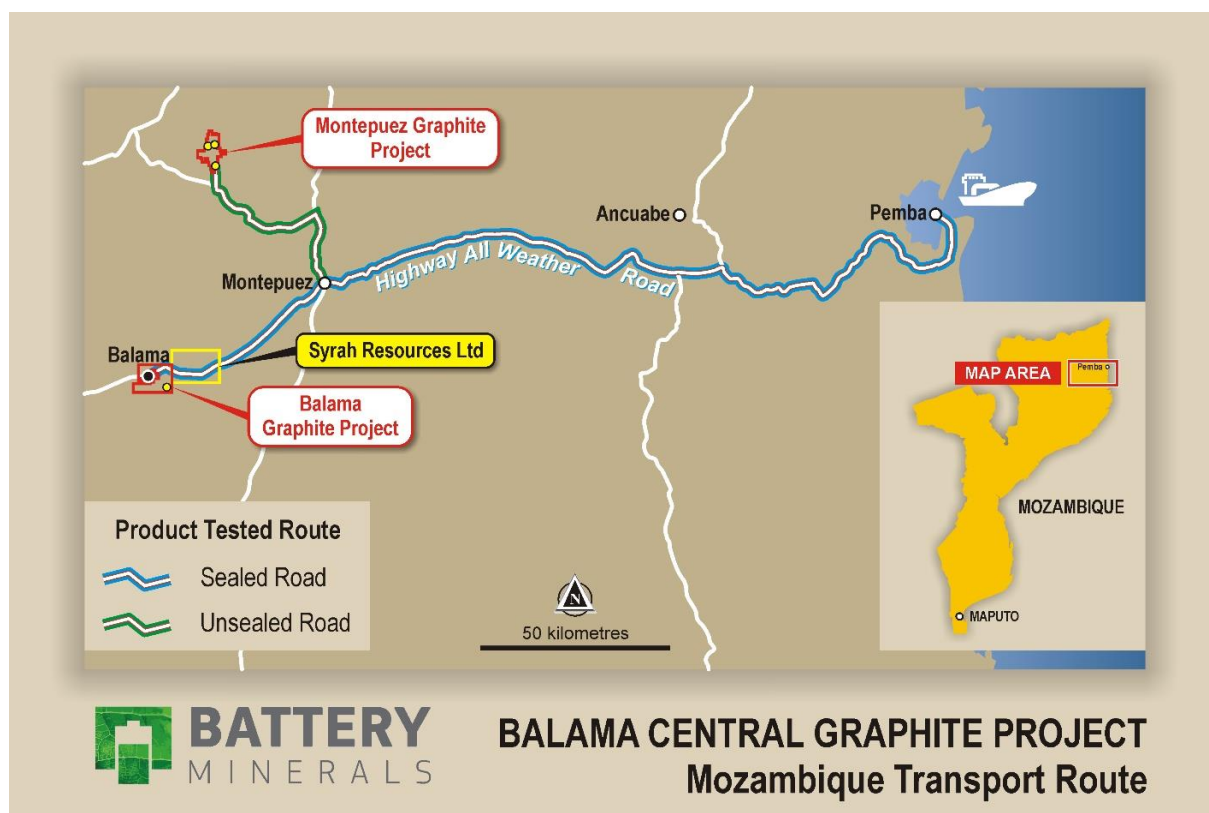


Figure 4. Infrastructure map showing the Balama Central Graphite Project relative to Montepuez and the nearest deep-water port of Pemba

Resource Doubles at Balama Central Graphite Project

Following completion of a diamond drilling program in December 2017 Quarter, the Company announced on 29 March 2018 that its strategy to develop a second graphite project in Mozambique had taken a major step forward with total Mineral Resources doubling to 32.9 million tonnes at 10.2 per cent TGC following 1,600m of diamond drilling.

As part of the Mineral Resource, Indicated Mineral Resources have almost tripled to 26.6Mt at 10.3 per cent TGC. This grade is up from 9.3 per cent in the previous Resource estimate. The Mineral Resource was estimated by independent mining consultants, RPM Global Holdings Limited ("RPM"). (see Appendix 2 of this report and the 29 March 2018 ASX announcement for full details and the competent person statement).

This new larger, higher grade and higher confidence resource will be the basis of the feasibility study at Balama Central on track for delivery later this year. On completing the Feasibility Study the Company will then have a basis to lodge the Balama Central Mining Licence application and start the environmental approvals process. We expect this process to conclude in early 2020.

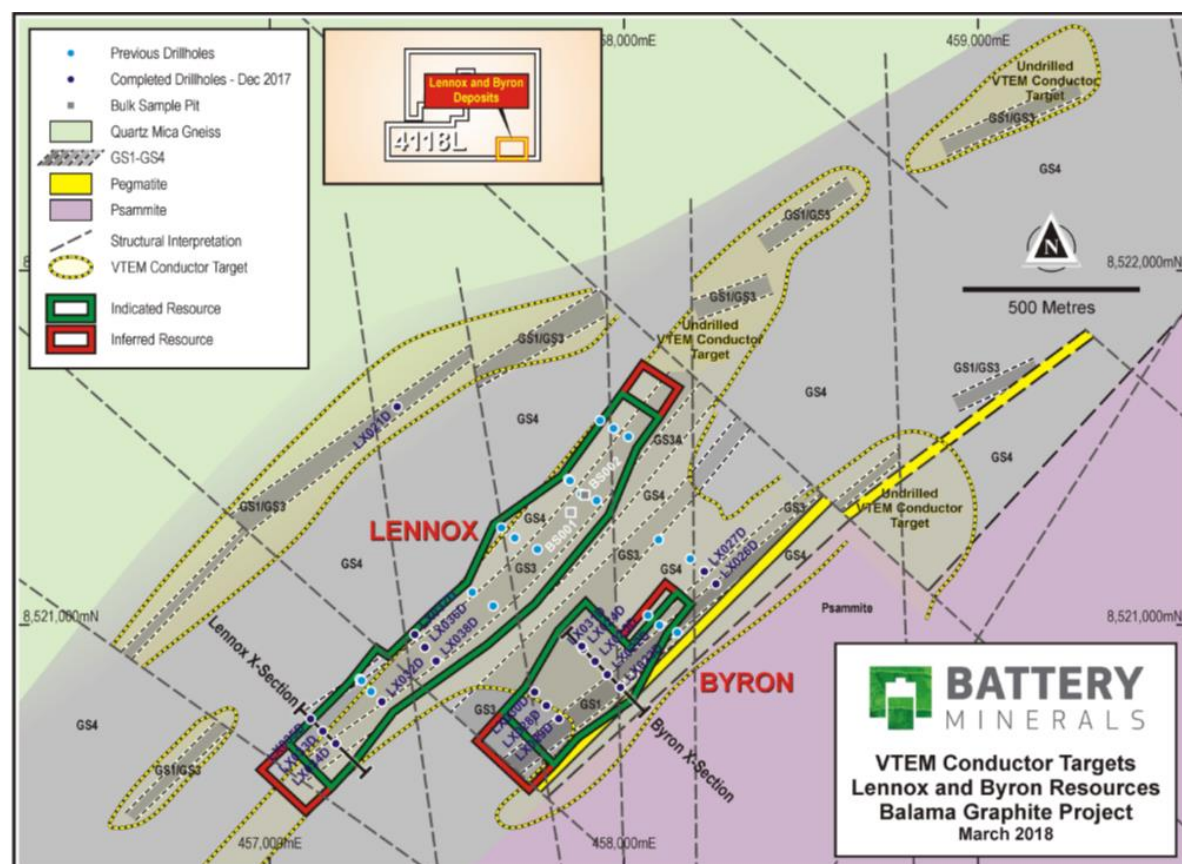




Figure 6. Newly commissioned community water bore.

CORPORATE

During June 2018 Quarter, the Company completed a \$20.7 million fund raising comprising \$20 million by way of placement ("Placement") to institutional, sophisticated and professional investors and \$670,000 via a Share Purchase Plan to existing shareholders. As at 20 July 2018, the Company has cash and liquid assets of \$19M.

The Company has also placed on deposit a further \$3.3 million dollars in a Mining Performance Bond. These funds will be released back to the Company on the commencement of mining operations at the Montepuez Graphite Project.

Subsequent to the end of the June 2018 Quarter the Company has appointed, highly regarded capital markets advisor, Origin Capital to work with the Company's existing advisors to achieve an optimum and timely funding solution for the Montepuez Graphite Project.

Battery Minerals has received unsolicited expressions of interest from several prospective investors in relation to participating in the project finance process. This includes potential for a direct interest in the Montepuez Project and development in joint venture.

In the event that additional funding is not achieved in the short term, the Company will target total expenditure of \$15 million dollars in the period to December 2018. The Company expects to have approximately \$5 million in cash and no significant project development financial liabilities as at 31 December 2018. Key milestones completed at this time will include the tailings dam wall, various roads, crusher commissioning, early works include site power, detailed engineering as well as the permanent camp.

Gabon: Kroussou Project JV

In January 2018, Trek Metals and Battery Minerals signed a binding term sheet for Trek Metals to acquire 100% of the Kroussou Project from Battery Minerals for an up-front consideration

of US\$400,000 in a mix of cash and securities and a deferred consideration of shares and options subject to the definition of an Indicated Resource at Kroussou. Battery Minerals will retain a 2.5% NSR subject to a 1% buyback option by Trek Metals (see Trek Metals' ASX announcement dated 11 January 2018 for full details). In March 2018, Trek Metals and Battery Minerals signed the binding sale and purchase agreement and royalty deed. All conditions precedent were met and settlement of this transaction occurred in the June 2018 Quarter.

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Forward Looking Statements

Statements and material contained in this document, particularly those regarding possible or assumed future performance, resources or potential growth of Battery Minerals Limited, industry growth or other trend projections are, or may be, forward looking statements. Such statements relate to future events and expectations and, as such, involve known and unknown risks and uncertainties. Such forecasts and information are not a guarantee of future performance and involve unknown risk and uncertainties, as well as other factors, many of which are beyond the control of Battery Minerals Limited. Information in this presentation has already been reported to the ASX.

Competent Persons Statement

All references to future production and production & shipping targets and port access made in relation to Battery Minerals are subject to the completion of all necessary feasibility studies, permit applications, construction, financing arrangements, port access and execution of infrastructure-related agreements. Where such a reference is made, it should be read subject to this paragraph and in conjunction with further information about the Mineral Resources and Ore Reserves, as well as the relevant competent persons' statements.

Any references to Ore Reserve and Mineral Resource estimates should be read in conjunction with the competent person statements included in the ASX announcements referenced in this report as well as Battery Minerals' other periodic and continuous disclosure announcements lodged with the ASX, which are available on the Battery Minerals' website.

The information in this report that relates to Battery Minerals' Mineral Resources or Ore Reserves is a compilation of previously published data for which Competent Persons consents were obtained. Their consents remain in place for subsequent releases by Battery Minerals of the same information in the same form and context, until the consent is withdrawn or replaced by a subsequent report and accompanying consent.

The information in this Report that relates to Montepuez Mineral Resources and Ore Reserves is extracted from the ASX Announcement titled 'Montepuez Graphite Project Mineral Resource and Ore Reserve Estimate' dated 15 February 2017 and DFS and PFS information is extracted from the ASX announcement entitled 'Lithium Ion Battery anode PFS and Montepuez Graphite DFS confirm robust economics' dated 15 February 2017, both of which are available at Battery Minerals website at <http://www.batteryminerals.com.au> in the ASX announcements page.

Any references to Mineral Resource estimates on the Balama Central Project should be read in conjunction with the competent person statements included in the ASX announcements referenced in this report (see 16 July 2018 and 29 March 2018 ASX announcements as well as Battery Minerals' other periodic and continuous disclosure announcements lodged with the ASX, which are available on the Battery Minerals' website).

The information in this announcement that relates to Balama Central Mineral Resources and Exploration Target is extracted from the ASX Announcement dated 29 March 2018 which is available at Battery Minerals website at <http://www.batteryminerals.com.au> in the ASX announcements page.

Battery Minerals confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and that all material assumptions and technical parameters underpinning the estimates in the market announcements continue to apply and have not materially changed. Battery Minerals confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.

Montepuez drilling results announced on 3 April 2018 - Competent Persons Statement

The information in this report that relates to Exploration Results is based on information compiled by Mr. Jason Livingstone, a Competent Person who is a member of both the Australian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. Mr. Jason Livingstone is a full-time employee of Battery Minerals Limited. Mr. Jason Livingstone has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr. Jason Livingstone consents to the inclusion of the matters based on his information in the form and context in which it appears.

Please see BAT 15 February 2017 and 29 March 2018 ASX announcements for full details and Competent Person Statements relating to Mineral Resources and Ore Reserves.

Balama Central Mineral Resources 16 March 2018 and 29 March 2018 - Competent Person's Statement

The Statement of Estimates of Mineral Resources has been compiled by Mr. Shaun Searle who is an associate of RPM Global and a Member of the AIG. Mr. Searle has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he has undertaken to qualify as a Competent Person as defined in the JORC Code (2012). Mr Searle consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Balama Central Scoping Study Parameters - Cautionary Statements in 1 March 2018 ASX announcement

This Scoping Study has been undertaken to determine the potential viability of an open pit mine and graphite processing plant constructed onsite at the Balama Central Project and to form a view of the order of magnitude potential and a basis on which to complete further studies. The Scoping Study has been prepared to an accuracy level of $\pm 35\%$. The results should not be considered a profit forecast or production forecast.

The Scoping Study is a preliminary technical and economic study of the potential viability of the Balama Central Project. In accordance with the ASX Listing Rules, the Company advises it is based on low-level technical and economic assessments that are not sufficient to support the estimation of ore reserves. Further evaluation work including infill drilling and appropriate studies are ongoing and they will contribute to our ability to estimate any ore reserves or to provide any assurance of an economic development case. This study does not warrant that reserves will be reported. Other than the mineral resource upgrade in this announcement, Battery Minerals confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement of 1 March 2018 and that all material assumptions and technical parameters underpinning the production estimates in the market announcements continue to apply and have not materially changed. Other than the mineral resource upgrade in this announcement, Battery Minerals confirms that the form and context in which the Scoping Study findings as presented have not been materially modified from the original market announcements.

The total production target is based on Indicated resource exclusively. The Company has concluded that it has reasonable grounds for disclosing a production target.

The Scoping Study is based on the material assumptions outlined elsewhere in this announcement. These include assumptions about the availability of funding. While Battery Minerals considers all the material assumptions to be based on reasonable grounds, there is no certainty that they will prove to be correct or that the range of outcomes indicated by the Scoping Study will be achieved.

To achieve the range outcomes indicated in the Scoping Study, additional funding will likely be required. Investors should note that there is no certainty that Battery Minerals will be able to raise funding when needed. It is also possible that such funding may only be available on terms that dilute or otherwise affect the value of the Battery Minerals' existing shares. It is possible that Battery Minerals could fund development of Balama Central from cashflow from its Montepuez graphite project, approximately 60kms north of Balama Central, which is currently in the early stages of construction. It is also possible that Battery Minerals could pursue other 'value realisation' strategies such as sale, partial sale, or joint venture of the Project. If it does, this could materially reduce Battery Minerals' proportionate ownership of the Project.

The Company has concluded it has a reasonable basis for providing the forward-looking statements included in this announcement and believes that it has a reasonable basis to expect it will be able to fund the development of the Project. Given the uncertainties involved, investors should not make any investment decisions based solely on the results of the Scoping Study.

Note: The results Balama Central Scoping Study were released on 1 March 2018. These releases are available on Battery Minerals' website & on ASX

Appendix 1: Tenement Summary – 30 June 2018 ¹

1. MINING TENEMENTS HELD				
Tenement Reference	Location	Nature of interest	Interest at beginning of Quarter	Interest at end of Quarter
8770C	Mozambique	Mining Licence Granted	100%	100%
4118	Mozambique	Granted	100%	100%
8555	Mozambique	Granted	100%	100%
8609	Mozambique	Granted	100%	100%
Kroussou G4-569 & G4-588 ¹	Gabon JV	Granted	100%	0% ¹

1. Battery Minerals has entered into a binding share sale agreement with Trek Minerals to sell 100% of the issued capital of its Mauritian subsidiary, Select Exploration Limited (Select Exploration), which holds a 100% interest in the Kroussou Project (see ASX Announcement 28 March 2018). Under the terms of this agreement, Battery Minerals received an initial consideration of US\$200,000 and US\$200,000 of Trek Minerals shares based on a 5 day VWAP prior to the date of issue and subject to a minimum floor price of \$0.025 (Consideration Shares) and one free attaching option (term of 3 years, \$0.10 exercise price) for every two Consideration Shares issued. The Consideration Shares are subject to a 12-month voluntary escrow period. Upon Trek Minerals defining a JORC compliant Indicated Mineral Resource Estimate of more than 250,000 tonnes of combined Zn/Pb metal and subject to shareholder approval, Trek Minerals will issue Battery Minerals US\$2,500,000 of TKM shares based on a 5-day VWAP prior to the date of issue (subject to a minimum floor price of \$0.025 per share) (Deferred Consideration Shares) and one free attaching option (term of 3 years, exercise price of 150% of the 5 - day VWAP prior to the date of issue) for every two Deferred Consideration Shares issued (Deferred Consideration). Trek have granted to BAT a 2.5% net smelter return royalty on gross sales revenue (NSR Royalty) with Trek having an option to buy back 1% of the NSR Royalty for US\$1,500,000. An existing 0.75% net smelter return royalty payable in relation to the Kroussou Project to a third party which can be bought back for US\$250,000 (Existing Royalty), has been novated from BAT to Trek as part of the acquisition. The Agreement also contains conditions precedent, indemnities, representations and warranties from the parties that are considered standard for this type of transaction. The Conditions Precedent of the Agreement has been fulfilled.

Note: As advised in the March 2017 Quarterly Report, the Company has agreed to dispose of its interest in the tenement numbered 5572 in Mozambique. The transfer for the divestment of this tenement is currently being processed in Mozambique and is expected to be concluded in due course. The transfer is subject to approval by the Government of Mozambique.

2. MINING TENEMENTS DISPOSED NIL

3. BENEFICIAL PERCENTAGE INTERESTS HELD IN FARM-IN OR FARM-OUT AGREEMENTS: NIL

4. BENEFICIAL PERCENTAGE INTERESTS HELD IN FARM-IN OR FARM-OUT AGREEMENTS ACQUIRED OR DISPOSED: Nil